Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

SECRET

PAGE 01 TEHRAN 09505 01 OF 03 272156Z
ACTION NODS-00

INFO OCT-01 ISO-00 /001 W
----------068511 272201Z /62
O 271825Z OCT 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 5222

S E C R E T SECTION 1 OF 3 TEHRAN 9505

NODIS

PASS WHITE HOUSE FROM BLUMENTHAL

EO 11652: XGDS-4
TAGS: OVIP (BLUMENTHAL, W. MICHAEL), PFOR
SUBJ: SHAH-BLUMENTHAL MEETING

BLUMTO 64

1. THIS MESSAGE SUMMARIZES MY MEETING OF ABOUT ONE HOUR WITH THE SHAH AT HIS NIAVARAN PALACE ON OCTOBER 27. SHAH HAD WITH HIM FINANCE MINISTER ANSARY. I WAS ACCOMPANIED BY UNDER SECRETARY SOLOMON AND STATE DEPUTY ASST. SECRETARY SOBER.

2. I BEGAN BY CONVEYING PRESIDENT'S REGARDS AND NOTED HE IS LOOKING FORWARD TO SHAH'S VISIT TO WASHINGTON AS WELL AS TO PRESIDENT'S EARLY RETURN VISIT TO TEHRAN (IF PROGRESS ON ENERGY BILL PERMITS). I ADDED THAT PRESIDENT HAD WANTED ME TO VISIT TEHRAN AND TO SEE SHAH TO UNDERLINE THE IMPORTANCE OF RELATIONSHIP BETWEEN OUR TWO COUNTRIES. SHAH RESPONDED THAT HE TOO WAS LOOKING FORWARD TO HIS WASHINGTON VISIT AND OCCASION TO DISCUSS WITH PRESIDENT MANY MATTERS OF INTEREST IN OUR VERY "EXTENSIVE AND INTERWOVEN" RELATIONSHIP.
SECRET

SECRET

PAGE 02 TEHRAN 09505 01 OF 03 272156Z

3. ECONOMIC SITUATION AND ENERGY MATTERS. SHAH TOOK THE LEAD IN REFERRING TO ECONOMIC PROBLEMS (E.G., INFLATION, UNEMPLOYMENT) NOW BEING EXPERIENCED IN THE U.S. AND EUROPE. HE EXPRESSED SYMPATHY BUT ALSO HIS FEELING THAT STRONG MEASURES ARE NEEDED. IN THIS CONTEXT HE SAID WESTERN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

COUNTRIES' ENERGY POLICY CAN NO LONGER BE BASED ON AVAILABILITY OF CHEAP OIL. IT IS ESSENTIAL TO PLAN AHEAD FOR TIME WHEN OIL WILL BE FINISHED. HE BELIEVES A CONCERTED EFFORT TO FIND ALTERNATIVE ENERGY SOURCES IS NEEDED. AT THIS POINT HE REFERRED APPROVINGLY TO PRESIDENT'S ENERGY BILL.

4. SHAH SAID HE IS GOING AHEAD WITH IRAN'S OWN NUCLEAR POWER PROGRAM: IRAN HAS ALREADY ORDERED PLANTS FROM GERMANY AND FRANCE, AND HAS ALSO RAISED SUBJECT WITH SOVIETS (WHO SAID THEY'RE INTERESTED BUT NEED ANOTHER COUPLE OF YEARS). HE HAD HAD IN MIND TO PURCHASE SIX-EIGHT NUCLEAR POWER PLANTS FROM US. IN THAT CONNECTION SHAH SAID HE COULD CATEGORICALLY ASSURE US THAT IRAN HAD NO INTENTION OF MAKING ATOMIC WEAPONS; HE ADDED THAT IRAN HAD NO INTEREST IN HAVING ITS OWN REPRECESSING PLANT, WHICH WOULD NOT BE ECONOMICAL. MEANWHILE, IRAN HAD INVESTED IN ENRICHMENT FACILITIES IN EUROPE. HE WAS OPEN-MINDED AND HAD MADE NO DECISION ON QUESTION OF FAST BREEDER, AND ALSO ON POSSIBILITIES OF FUSION. IN ADDITION, HE WAS INTERESTED IN POSSIBILITIES OF SOLAR ENERGY, AND IF WE WERE INTERESTED WE COULD DISCUSS SUBJECT AND "EVEN SIGN SOMETHING."

SECRET

SECRET

5. AS FOR OIL PRICES, SHAH VOLUNTEERED THAT IT HAD BEEN DECIDED THAT IRAN SHOULD NOT TAKE A STRONG POSITION IN OPEC AT THIS TIME. "WE DON'T WANT TO BE KNOWN AS HAWKS." IRAN HAD SOUGHT PRICE INCREASES AFTER MANY YEARS DURING WHICH PRICES HAD BEEN KEPT UNFAIRLY LOW. EVEN NOW THE OIL COMPANIES WERE MAKING VERY GREAT PROFITS. BUT NOW IN OPEC "WE'LL SIT AND WATCH. IF YOU WANT NO INCREASE, OR A VERY SMALL INCREASE, WE'LL SAY NOTHING." BUT, HE ADDED, THIS IS ONLY A TEMPORARY STEP, AND PEOPLE MUST LOOK AHEAD.

6. INASMUCH AS SHAH HAD ANTICIPATED THE POINTS ON WORLD ECONOMIC SITUATION AND OIL PRICING WHICH I HAD INTENDED TO MAKE, AND SINCE HE HAD VOLUNTEERED THAT IRAN WOULD NOT BE SEEKING A PRICE INCREASE AT THE DECEMBER OPEC MEETING, I DID NOT PURSUE THAT POINT FURTHER. I DID SAY, HOWEVER, THAT I BELIEVED THE SHAH WOULD FIND A GREAT DEAL IN COMMON WITH THE PRESIDENT REGARDING ENERGY POLICY. I NOTED THAT PRESIDENT WAS DEEPLY INVOLVED IN WORKING WITH

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

SECRET

NNN

SECRET

PAGE 01 TEHRAN 09505 02 OF 03 272202Z
ACTION NODS-00

INFO OCT-01 ISO-00 /001 W
----------068889 272208Z /62
O 271825Z OCT 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 5223

S E C R E T SECTION 2 OF 3 TEHRAN 9505

NODIS

THE CONGRESS ON A POLICY EMPHASIZING
CONSERVATIONS BUT LOOKING ALSO TO NEW SOURCES.
I SAID PRESIDENT VERY WELL APPRECIATED FACT THAT
WE HAD TO DO OUR BEST TO SOLVE OUR OWN PROBLEMS AND
NOT DEPEND ENTIRELY ON OTHERS TO SOLVE THEM FOR US
(AND PRICE RESTRAINT BY THE OIL PRODUCERS HAD
TO BE SEEN IN THIS CONTEXT). PRESIDENT'S PROGRAM
CONTAINS TAXATION ELEMENTS TO ENCOURAGE CONSERVATIONS
AND R&D EFFORTS TO DEVELOP NEW ENERGY SOURCES.
PRESIDENT HAD HIMSELF SPOKEN ELOQUENTLY ON OIL
COMPANY PROFITS. ALL IN ALL, I SAID, THE SHAH WOULD
FIND THAT PRESIDENT AND HE WERE ALLIES IN THE SEARCH
FOR A RATIONAL ENERGY POLICY AND WE AGREED THAT BOTH
SHARED A RESPONSIBILITY IN EFFORT TO OVERCOME CURRENT
ECONOMIC DIFFICULTIES.

7. ARMS SUPPLY. SHAH SAID IRAN HAD BEGUN TO RESENT
BEING CLASSIFIED BY THE CONGRESS AS JUST "ANOTHER
PERSIAN GULF COUNTRY". IRAN'S POPULATION OF 35 MILLION
HAD TO BE COMPARED WITH THE TOTAL POPULATION OF 8-9
MILLION IN ALL THE OTHER STATES OF THE PERSIAN GULF.
IRAN, HE SAID, MUST BE ALERT TO EVENTS IN THE
REGION TO THE EAST (HE CITED AFGHANISTAN, PAKISTAN
AND INDIA) AND TO THE WEST (IRAQ, HE SAID, MAY
EVENTUALLY HAVE MORE WEAPONS THAN IRAN; ITS STOCKS
SECRET

SECRET

PAGE 02 TEHRAN 09505 02 OF 03 272202Z

ARE BEING REPLACED BY THE SOVIETS). IRAN CAN ASSUME

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

A PRIMARY RESPONSIBILITY TO HELP MAINTAIN
SECURITY IN THE INDIAN OCEAN REGION. IRAN CANNOT
AFFORD TO BE TAKEN BY SURPRISE, OR TO DEPEND
ENTIRELY ON THE U.S. OR THE UN FOR ITS SECURITY;
IN FACT, IT COULD NOT DEPEND ON THE UN AT ALL.
HE ASKED WHETHER THE U.S. WOULD HONOR ITS BILATERAL
AGREEMENT WITH IRAN. IF YES, WOULDN'T IT BE BETTER
THAT IRAN DO THE JOB ITSELF. IT WOULD LIKE THE U.S.
TO SUPPLY MOST OF ITS MILITARY EQUIPMENT REQUIREMENTS.
IT COULD NOT FORCE US TO DO SO, AND OTHERS WERE READY.
SHAH SAID HE WILL WANT TO DISCUSS THESE MATTERS WITH
THE PRESIDENT, AND "WILL NEED STRAIGHT ANSWERS."

8. I SAID WE WERE KEENLY AWARE OF IRAN'S IMPORTANCE
IN THIS REGION OF THE WORLD, AND THE GREAT ROLE IT
MUST PLAY. IN THAT CONTEXT I MENTIONED PRESIDENT'S
DEEP DESIRE TO AVOID A GLOBAL PROLIFERATION OF ARMS
SALES. WE REMAIN THE MAJOR SELLER, AND AS THE SHAH
KNEW, PRESIDENT HAD HAD DIFFICULTIES WITH THE
CONGRESS ON SALES TO IRAN. I SAID I WAS SURE HE WOULD
FIND PRESIDENT UNDERSTANDING OF HIS PROBLEMS.

9. SHAH SUGGESTED THAT A CURB ON ARMS SALES SHOULD
BE STARTED BY THE SUPERPOWERS AND BY THOSE COUNTRIES
WHICH HAVE TAKEN TERRITORY FROM OTHERS. THE CASE OF
COUNTRIES WHICH COULD MANUFACTURE ARMS THEMSELVES ALSO
HAD TO BE CONSIDERED. HE THEN ADDED THAT HE HAD NO

SECRET

NNN

SECRET

PAGE 01 TEHRAN 09505 03 OF 03 272212Z
ACTION NODS-00

INFO OCT-01 ISO-00 /001 W
----------069180 272216Z /62
O 271825Z OCT 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 5224

S E C R E T SECTION 3 OF 3 TEHRAN 9505

NODIS

COMPLAINTS AGAINST USG ON THIS SCORE. HIS
COMPLAINT WAS AGAINST THOSE PEOPLE WHO TALK OF
NEED FOR BALANCE AMONG THE PERSIAN GULF STATES.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

IN THIS REGARD HE ASKED WHETHER IT WOULD BE PROPER TO DEMAND THAT A BALANCE BE MAINTAINED BETWEEN THE U.S. AND ECUADOR; AND HE NOTTED THE POTENTIAL THREAT OF BAATH IMPERIALISM (PER IRAQ) OVER THE ARAB WORLD. HE DID WISH TO NOTE ONE ADDITIONAL POINT: THE FIVEFOLD INCREASE (SIC) IN U.S. ARMS PRICES SINCE 1971.

10. TERRORISM; LAW AND ORDER. SHAH NOTED THAT WESTERN FRIENDS ARE NOW FINDING THAT THEY MUST TAKE STRONG MEASURES AGAINST TERRORISM (I BELIEVE HE WAS REFERRING TO WEST GERMANY). HE HAD BEEN TALKING ABOUT THIS NEED FOR YEARS. LAW AND ORDER IS ESSENTIAL TO DEAL WITH PROBLEMS. (MY INFERENCE IS THAT HE MADE THIS POINT IN JUSTIFICATION OF IRANIAN SECURITY MEASURES WHICH HAVE BEEN CRITICIZED ABROAD.)

11. HUMAN RIGHTS. I NOTED AT THAT POINT MY CONVICTION THAT PRESIDENT'S POLICY ON HUMAN RIGHTS REFLECTED A DEEP FEELING ON THIS SUBJECT AMONG THE AMERICAN PEOPLE. THE POLICY WAS TO BE CARRIED OUT IN AN UNDERSTANDING OF THE BROADER POLITICAL CLIMATE, AND WITHOUT INTER-FERING IN OTHER PEOPLE'S BUSINESS OR LECTURING TO THEM.
SECRET

SECRET

THE SHAH SAID IRAN TOO WANTS SOCIAL JUSTICE. THIS INCLUDES JUSTICE IN THE ECONOMIC FIELD AS WELL AS THE POLITICAL; THE FORMER IS PERHAPS EVEN MORE IMPORTANT THAN THE LATTER. THIS, HE SAID, IS A CARDINAL POLICY OF THE IRANIAN GOVERNMENT. HE ADDED THAT SOME USE TERRORISM IN THE NAME OF HUMAN RIGHTS TO JUSTIFY THEIR OWN CRIMES.

12. NORTH/SOUTH PROBLEMS. THE SHAH WARNED THAT FAILURE TO RESOLVE NORTH/SOUTH PROBLEMS WITH FAIRNESS TO BOTH SIDES COULD LEAD TO A CONFLAGRATION BY YEAR 2000. CONCENTRATION OF WEALTH IN A SMALL NUMBER OF COUNTRIES IS VERY RISKY OVER LONGER TERM. AS IRAN HAD PREDICTED, THE NORTH/SOUTH DIALOGE IN PARIS HAD BEEN A FAILURE. THE TIMING OF THE PARIS MEETING HAD BEEN POOR; UNEMPLOYMENT WAS HIGH IN THE EUROPEAN COUNTRIES, AND THEY COULD NOT MOVE.

13. IRANIAN ECONOMIC DEVELOPMENT; THE U.S. ROLE. THE SHAH BRIEFLY OUTLINED HIS POLICY TO BUILD UP HIS COUNTRY, NOTING PLANS TO ELECTRIFY THE RAILROADS AND VILLAGES, AND TO INDUSTRIALIZE IN DIVERSE FIELDS. STEEL OUTPUT COULD GO TO 25 MILLION TONS, COPPER TO 500,000 TONS AND MORE, ALUMINUM TO ONE MILLION TONS. HE ALSO MENTIONED ELECTRONICS. THE U.S. COULD HAVE A MAJOR SHARE OF IRAN'S TRADE. OUR SHARE COULD GO TO

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

$50 BILLION OVER FIVE YEARS.

14. ARAB-ISRAEL. CONCLUDING OUR MEETING, I MENTIONED THE PRESIDENT'S COMMITMENT TO HELP BRING ARABS AND ISRAEL TO A JUSTAND LASTING PEACE. SHAH SAID HE CONSIDERED PROSPECTS FOR ARAB-ISRAELI NEGOTIATIONS AS VERY POOR. HE SAW ISRAEL AS

SECRET

SECRET

STUBBORN, AND THE PLO AS UNYIELDING. HE THOUGHT PLO, IF ESTABLISHED AS A STATE, WOULD DESTROY JORDAN, KUWAIT AND SAUDI ARABIA.
SULLIVAN

SECRET

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, PETROLEUM, CAT-B, MEETING REPORTS, HEAD OF GOVERNMENT VISITS, NUCLEAR POWER PLANTS, MILITARY SALES
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TEHRAN09505
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: OA
Errors: N/A
Expiration:
Film Number: P850106-2279
Format: TEL
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771013/aaaaaldp.tel
Line Count: 295
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 31560426-c288-dd11-92da-001cc4696bcc
Office: ACTION NODS
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: NODIS
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: NODIS
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 764471
Secure: OPEN
Status: NATIVE
Subject: SHAH-BLUMENTHAL MEETING
TAGS: OVIP, PFOR, MASS, ENRG, TECH, IT, US, IR, (BLUMENTHAL, W MICHAEL)
To: STATE SS MULTIPLE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/31560426-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009